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Mullikin: Climate policy can cause shift of jobs

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Carbon reductions in the United States and other industrialized nations will not be enough to reduce the overall effects of world climate change unless environmental solutions are applied equally on a global basis.

Environmental attorney Tom Mullikin told about 150 business leaders at the Cleveland/Bradley Chamber of Commerce Thursday there are many opportunities surrounding the issue, but the path taken determines whether it is good or bad.

During the hour-long presentation, the environmental attorney focused on two policies being discussed in Washington, D.C. The most visible and popular policy for discussion is a cap-and-trade program. The second is the fairly new low-carbon fuel standard that has yet to gain much traction with politicians.

The centerpiece policy of federal legislation is the establishment of a cap-and-trade program, which caps overall emissions and creates a market for trading greenhouse gas emissions permits.

Mullikin argued climate policies that are not part of a global solution will simply shift emissions and jobs to countries that do not regulate greenhouse gas emissions.

He said American manufacturing is three times more efficient than Asian manufacturing. Every plant that leaves the United States for China or India is responsible for three times the carbon emissions and according to a 2005 study by Carnagie Mellon University, 33 percent of China's total carbon emissions is from producing goods for export.

He said the climate is a global issue.

"Consider that on certain days, up to 25 percent of the particulate matter in Los Angeles' air comes from China," Millikin said.

He said cap and trade is not the same as cap and reduce like the clean water act that seeks to reduce the amount of pollution in the water.

"Where did the trade (in cap and trade) come from? It came from the traders," he said.

Millikin said the idea is to meet certain reduction requirements. If reductions are not met, companies can buy credits under Waman-Markey Bill now debated in the Senate. The bill establishes a 17 percent reduction in emissions by 2020 or buy credits.

A 17 percent nationally equals an emissions reduction of about 1.2 billion metric tons. During the last two reported years, he said China has increased emissions by 600 million metric tons.

"In the same two years it would take China to pass cap and trade to get to that 1.2 billion by 2020, China has equaled that in same two years Congress takes to pass the legislation," he said. "You've got to have a global construct. You have to assume the numbers are static and more manufacturing is not sent to China."

He said the American steel industry has reduced emissions 29 percent and it is doubtful they could meet the 17 percent requirement. The European Union has a mandatory cap and trade system. Millikin quoted a carbon credit valued at $22 in the EU. If a steel mill he

used as an example could not reduce its 5 million metric ton carbon footprint by 17 percent, it would cost that facility $18.7 million a year.

"The U.S. has already lost nearly 6 million manufacturing jobs since 1998," said Mullikin. "If the U.S. implements a cap-and-trade program while countries like China do not, we will lose more manufacturing jobs."

Tennessee has lost 181,000 manufacturing jobs over the past decade, according to the U.S. Bureau of Labor Statistics.

Millikin said the low carbon fuel standard targets greenhouse gas emissions from the transportation sector. Fuels are assigned a carbon intensity "score" based on the energy required to bring them to market. Fuels with a high score are discouraged while lower scoring fuels are encouraged. Because more of the oil being produced in Canada is heavier, it will receive a higher carbon intensity score, which will discourage its use.

"By not using Canadian crude oil, we will put our country's energy security at risk," Mullikin said.

The low carbon fuel standard is an idea that originated in California that imports only about 1 percent of its crude oil from Canada. Nationally, however, the U.S. would be forced to rely on lighter crude from the Middle East. Canada is currently the top importer of crude oil into the U.S. An LCFS will also result in volatile gas and commodity prices, the loss of U.S. refinery and pipeline jobs, and an increase in global greenhouse gas emissions.

"Make no mistake, this crude oil will be used, even if we are prohibited from using it in the U.S. In August, a Chinese oil company made a major investment in a Canadian oil sands project. They clearly value this resource," Mullikin said.

He said sending Canadian crude oil to countries like China, instead of the U.S., would increase global greenhouse gas emissions because it would be transported farther and processed by refineries in countries with weaker environmental regulations.

Millikin said the issue of greenhouse gas has been defined by polar extremes while there are many people in the middle who want a cleaner environment while helping the economy.

"That is possible," he said. "I don't think you are going to find it on either extreme because their two goals are not mutually exclusive."

But, Mullikin said, there is a common ground that can be found sitting down and talking.

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